

Nichols

little safety deposit things.

Q After you spoke to Teekman about getting access to the vaults, did you do anything else in furtherance of the treasury instrument project while you were in Europe?

A Well, we're at the point I am afraid I have to say I don't remember. I want to be helpful to you, but I just -- I'm fizzling. I don't remember.

Q You ultimately came back to the United States, correct?

A Yeah, I'm here.

Q Prior to you coming back from Europe to the United States, do you know if you -- do you remember doing anything else in furtherance of the treasury instrument project on this trip?

A Just -- there were a lot of discussions daily all the time about the treasury project. He called all the time about updates from John Ellis all the time. He spoke about it continuously, you know, on the phone, quick calls, this, that, you know, so I don't know what you -- you know, when you say what else did I do, I responded to questions. I responded to -- he

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asked me one time, will you accompany us to the vaults if we go there with his colonel or something. I said of course. Will you help us with this, would you fly to Asia if it's necessary, of course.

But I said, is there any problem here?

He says, absolutely not, you've done everything that you -- was required of you. And he paid me. You know, I was paid. And he said, you've done everything.

The problem between he and I did not come until I saw this thing on the end of his empire, you know then it's well he lent me money, then it's, you know, you gotta help me, you know. And I heard names and people and agreements he had entered into and, I mean, things I had never heard of.

Q Other than --

A Totally non-related to me. He sends me contracts he signed of things with people I never heard of so, you know, this was his -- so I communicated to him, as I said to you before, if I can be of any assistance to you, you know, as a

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consultant, giving some advice, put it in writing so it's very clear in accordance with the complexity of your request I'll try and do something. That was that.

Q After you made the calls to Teekman, do you remember the next step you took to accomplish the goals of the treasury instrument project?

MR. BAINTON: Objection.

Q Let me rephrase the question. What was the next goal of the four goals? What was the next goal that you accomplished, if any?

MR. BAINTON: Objection.

You can answer.

Q Do you know what four goals I am talking about?

A The four things I agreed to, yes. I'm trying to think of what he wanted. There was discussions about, you know --

MR. BAINTON: The question is which one was accomplished next? Delivery of the box was accomplishment one. Of the remaining three, which was accomplished next? That's the

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question.

A Okay. The next thing that was accomplished was the Teekman -- this, the photocopies in the Teekman thing. Then the -- sequentially, then, the next thing would have been the information concerning who to speak to regarding the box. And last, to the best of my memory, the last thing, the most difficult, was to get the locations of the safekeeping receipts for the currency.

Q When did Teekman give you the photocopies?

A I don't know, but --

Q Was it on this trip to Europe?

A Pardon me?

Q Was it on the trip to Europe that we're talking about?

A Or on another trip. It was a little harder to get that as I recall.

Q Just refresh my recollection. What was the next accomplishment of the four goals? What was the next goal that you accomplished after getting the photocopies?

A I got him the box. I got him the

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copies of the certificate and a certificate which I call an etching. I had that checked, as I mentioned, by Amarak Security just for my own curiosity. It wasn't a responsibility. He gave it to Passoth. I do not know the timing on it.

He wanted to know the locations -- which was difficult -- of where the funds or the currency was located, the silver certificates and so forth, were located. He wanted to know who to speak with in negotiating a settlement on those notes. He wanted to know who to speak with in negotiating a settlement for treasuries of the box and moving ahead with many, many more -- you know, the rest of the obligations, maybe a hundred boxes, and that's it.

Q Now, the location of the currency and the silver certificates, did you ever locate that currency and silver certificates?

A Did you ever locate the currency and the silver certificates? Yes, in the address. It's here.

Q They are where?

A They are within -- they are inside the security facility in Switzerland. This is a

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safekeeping receipt.

Q Just to be clear, you are referring to the location identified in Government's Exhibit 7 behind the exhibit tab that says Exhibit 8 there's three pages. Which of those three pages are you referring to as the location where the silver certificates are located?

A Is there an address here? These are sanitized.

Q Did you provide your counsel with an unsanitized version?

A Yes, I did. I guess he didn't want you to have it. No, it's --

THE WITNESS: You sent it to them, the unsanitized version?

MR. BAINTON: All I know is we've produced every document we've got. We haven't held anything back.

A I know that it went unsanitized, it did, because --

MR. SIMONE: You should have it in evidence.

Q There is a version of this document that has an address on it?

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A That's correct.

Q That address is the location of the silver certificates that is the third goal you were trying to accomplish?

A That's absolutely correct.

Q How did you obtain that location? How did you learn of that location?

A Wilhelm Teekman.

Q Did you have to pay him anything?

A No.

Q Just, I guess, to be clear, up to this point in accomplishing the first three goals had you paid anybody to help you accomplish the goals?

A Yeah, I probably, you know, 50 grand or something, just -- I'm guessing.

Q You don't recall paying anybody?

A Oh, I recall paying couriers and people to get information and things like that, but everyone in my world deals in gold and things like that and coins, so I don't know precisely what it was, but they got the information I wanted and that was it, you know. I finished my business.

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Q You mentioned checking on the validity of certain currency with Amarok; is that correct?

A I said an etching.

Q Etching. How did you go --

A Amarok.

MR. BAINTON: Can you spell that for us, Bob?

THE WITNESS: Emrex, E-M-R-E-X, I don't know. Emrex. It's in the phone book.

Q Where are they located?

A London.

Q How did you go about checking your etching with Amarok?

A I asked Michael Cleverly, who is the head of -- he is a military officer or former and they handled the transport of currencies for large clients. If he knew someone who might look into my or -- a etching, and he said, yes, I could do that. He did and he brought it back and he said the etching is U.S. currency.

Q Did you keep that communication from him?

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A If you're gonna say where is it, yeah, I kept it, but I don't know where it is. It's in London or Zurich or the Netherlands or something.

Q Have you provided a copy of it to your counsel?

A No, I haven't been back to London yet. Someone -- someone destroyed my relationship over there, so I have to wait a little bit.

Q Did you give a copy of this communication --

A But it was this bill. It was this was the etching bill.

Q I'm sorry. Could you tell me what exhibit tab that bill is behind just so we all follow, clear on the record?

A The reason it's interesting, you see she is threads --

MR. BAINTON: Just a second,

Bob, just a second. Exhibit 5.

THE WITNESS: Sorry.

Q So behind Exhibit 5 you're referring to the second page?

A Mm-hmm.

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Q Okay.

A The one that has the little fibers in the bill, the little red and this one, that one. You see those little fibers --

MR. BAINTON: You have to look at the color one.

Q I see what you're saying.

A This one, this is that etching.

Q Just to be clear for the record, you're referring to some red that appears on the image that starts just below --

A Little fibers.

Q -- one million dollars in the upper left-hand corner and the red thread runs through -- I just want to be clear for the record that he's pointing to a red marking, thread-like marking that runs from just below the 1 million dollar emblem in the upper left-hand corner through the little blue --

A It terminates. Then there is another thread here and thread here, little threads.

Q Then it runs through the image of George Washington.

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When you pointed that out, that's how you know that it's a copy of a legitimate -- of legitimate currency?

A Well, according to the United States Treasury, that's treasury paper.

Q Who did you speak to at the Treasury that told you it was treasury paper, if anyone?

A I don't think I spoke to anyone there. I think my teacher taught me that in the sixth grade or something. It was something they taught everybody, you know, threads. Didn't you have that?

Q At some point, you were told if there is red threads in currency, it's legitimate currency?

A The threads are one of the keys, then the inks, then the little wrinkles and lines, et cetera, but threads are the very first thing.

Q Did you give a copy of the letter that you received from Michael Cleverly at Amarok concerning the legitimacy of the etching, did you give that to Israel?

A No.

Q Did you give it to anybody?

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A It's in the possession of someone other than myself now, so I obviously gave it to someone else. I'm just trying to think of who. I'd have to be over there and see where my little stacks of things are.

Q After you achieved the goal of locating the currency and silver certificates, the next goal that you achieved was figuring out who to speak to concerning negotiating the silver certificates; is that correct?

A It was who would be qualified to negotiate for the silver certificates or the treasuries, that's correct, those two things.

Q Did you accomplish that goal?

A Yes, I did.

Q How did you accomplish it?

A I spoke with the parties and they told me that they were ready, willing and able to meet with the government or qualified people of the United States government to proceed with that negotiation.

Q They told you they were members of the United States government?

A No. They said that they were

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2 prepared to send an authorized representative of
3 their position with full authority to engage in
4 discussions with the proper authorities in the
5 United States government with a view toward
6 resolving the matter.

7 Q Who were these people?

8 A The Maiwah family.

9 Q It turned out coincidentally that
10 another of the goals that Israel had namely
11 identified who to speak with concerning
12 negotiating those happened to be somebody you
13 already knew, the Maiwah Family?

14 A I have not met the principal that
15 would settle the thing. I was given his name and
16 I met the parties that work for him. I was asked
17 to meet him, but that's unnecessary because I was
18 no longer involved in it. It was for him and John
19 Ellis and their colonel or whoever in the United
20 States government was qualified or interested in
21 discussing the matter to meet with him.

22 Q Again, it was just a coincidence,
23 though, that one of the goals that Israel asked
24 you to accomplish was finding out who to speak to
25 and that that turned out to be somebody you

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already had contact with?

A No, no.

Q Could you explain how it's not a coincidence?

A He -- with the box or the certificates, he needed who to speak to. I knew who to speak to, but I didn't know specifically who they would have deal with the United States government.

Q Oh, who specifically were they going to have deal with the United States government?

A I don't have it in front of me. I wrote it down and gave it to Israel and I gave you a copy of it.

Q Is it a member of the Maiwah family?

A It's the Mayflower, the guy on the top of the Mayflower.

THE WITNESS: Do you know what I'm talking about, Martin?

Q When you say the guy at the top of the Mayflower, are you referring to a document with the word Mayflower on it?

A Just a hand scratched thing.

Q I'd prefer that counsel not refresh

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your recollection with a document that I am not familiar with.

MR. BAINTON: I was thinking about showing it to you if we can find it, but forgive me for trying to be helpful.

MR. ALBERTS: That's fine. I didn't want anything to --

MR. BAINTON: If we have it.

Q Is this a person who is a member of the Maiwah family?

A I didn't check his genetics. I would assume so.

Q Was he Chinese?

A Yes.

Q You learned of his name through the Maiwah family?

A Yes, through one of the parties.

Q Who at the Maiwah family told you this person's name?

A One of the government parties, one of the military men, one of the people there, I don't recall which one. It could have been Angelina Wei, I mentioned before.

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Q Is she a military party?

A I don't know her rank and I don't know.

Q Do you know if she has a rank?

A That's a good question. No, I don't know.

Q Who else could it have been that told you the name of this person that you were supposed to speak with to negotiate the silver certificates?

A This is not the silver certificates. You're speaking about the treasury things, the box. That's what we're talking about when we're speaking about Maiwah the Angelina Wei. That's not the silver certificate.

Q Okay. Let's step back so it's clear we're all on the same page. You accomplished a goal of locating the silver certificates. After that you accomplished another goal. What was that next goal that you accomplished?

A Of who to speak to regarding settlement on the silver certificates. I'm not saying that that is the sequence, but I'm just putting it there because it's logical because you

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asked first the silver certificates, then who do I speak to. That's Mr. Israel. I want these certificates, I want access to these, and I want to know who to speak to where I can negotiate them, buy them, sell them, whatever. I want to know who to speak to.

Q Did you accomplish that goal of locating who to speak to?

A Yes, I did.

Q Who was it?

A It would be Wilhelm Teekman on that. That's who he would speak to or -- and the law firm representing them.

Q Was this the goal that you said was very difficult to accomplish?

A Very difficult.

Q Because isn't this the guy that you called the very first day after Israel hired you?

A Yes, but it -- I wouldn't have the ability to call him for ten years if I hadn't -- didn't have the relationships to find out who, where, what. That's what I do.

Q Okay. But it turned out that the person who Sam Israel needed to speak with to

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negotiate the silver certificate notes was the person that you called the same day that you spoke for the first time with Sam Israel?

A I see what you're doing. It turned out that Sam Israel was interested in silver certificates, currency, U.S. government debt, period. And he asked me if I was familiar with this. I said, yes, so we can -- I don't think Sam Israel will deny this -- why would he deny what he asked me?

Then we go to the fact that he says that I explained to him -- excuse me -- I'm stammering -- I said to him this type of undertaking requires relationships I am told at very high levels of government. You asked me who told you that. I answered you, David Smith and others.

Then he said, my best friend -- within 30, 40 minutes after I met him -- my close, dear friend, John Ellis, let's call him, he will handle this.

I said to him, I would not pursue this relationship unless I met John Ellis.

And you said to me, well, when did

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you meet John Ellis?

And I said, maybe six, eight weeks later, a couple of weeks later, and that's it.

Q I don't want to cut you off if you think you're still responding to my question, but I think we're getting off --

A I think I responded to your question. My responses are just getting longer.

MR. BAINTON: I think you're getting a little tired, but go ahead.

Q So the next goal after learning who to speak with to negotiate the silver certificate notes is who to speak with regarding negotiating treasury boxes; is that accurate?

MR. BAINTON: Objection.

A Treasury boxes to me would not seem to have any value. It would be the contents of the box that may have the value, if they are goal certificates or something like that. When you say negotiating treasury boxes, to me the box is valueless, so do you mean the contents of the box?

Q The goal -- just to be clear, the goal that we just discussed was figuring out who to speak with to negotiate the silver

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certificates, correct, and it turned out that was Wilhelm Teekman, correct?

A Correct.

Q What was the next goal that you accomplished?

MR. BAINTON: Objection.

You can answer.

A Who to speak to regarding settlement on the contents of the treasury boxes which held allegedly gold certificates, obligations of the United States government.

THE VIDEOGRAPHER: You have ten minutes of tape.

Q Did you ever learn who to speak with to negotiate the contents of the treasury boxes?

MR. BAINTON: Objection.

Answer again.

A Maiwah family, Angelina Wei. I do not have the name of the principal with me. It was sent to you. It's in some paper here. Possibly Tansri Teong, you know, that's the answer. Same answer.

Q Was that the last goal that you accomplished of the goals that Israel gave you the

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\$10 million to accomplish?

A I believe I said there were multiple conversations, multiple conversations, back and forth with Israel between myself and him concerning this business. So when you ask me was that the last, was that the end, was that all there was? I do not know the date of the last conversation that satiated his requirement to where he said to me you have done what I have asked of you. Your business is finished with this. It's okay. May I call you if I need assistance?

I said, of course.

Can I check with you, for your advice?

Absolutely, but I do not know when these conversations after that stopped or if he asked me a little question, can you find out this, can you do that, I'd appreciate it if you do this or that or check with this or what would you do here? These are the things I can't answer you. I do not know. These conversations were ongoing and I do not know when they stopped.

Q Earlier today you said that you

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where hired by Israel to accomplish four goals,
correct?

A Yes.

Q When did you complete the last of
the four goals?

A I do not know precisely the date.

Q What is your best recollection of
the date?

A I would say the last of the things
was probably -- the last of the agreement was
probably the name -- names I gave him concerning
the Maiwah family. You know, I would believe that
would probably have been a couple of months after
I did this.

Q What month would that be
approximately?

A You want me to guess?

Q Just your best estimate. You said a
couple of months after --

A I mean, to me the most difficult
part of it was to get the Maiwah and the location
of the vaults and access to the vaults in
Switzerland, but I would say two months, three
months, you know, after we entered into our

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agreement, something like that.

Then because he asked me repeatedly the questions, this and that, that I attribute to advice and consultation that I said I would be happy to do.

Q In your view, did you achieve all four goals?

MR. BAINTON: Objection.

A In my view what?

MR. BAINTON: He's asking if you achieved all four goals again.

A Yes, I did.

Q In your view, did you earn the \$10 million under the agreement?

A Absolutely.

Q So you're due the \$10 million dollars as compensation under the agreement?

A Absolutely, and more.

Q And when we talk about the agreement, just to be clear, you're referring to the financial and security consul --

A The one that says \$10 million, that's correct.

MR. ALBERTS: Are we near the

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end of the videotape?

THE VIDEOGRAPHER: Five
minutes.

Q You received approximately \$10
million from Israel in July 2004, correct?

MR. BAINTON: Objection.

Answer it again.

A No. July, April, May, June, July,
yes, correct.

Q What account did the \$10 million
come from?

A It came from his personal account at
Postbank.

Q In what country was Postbank
located?

A Germany.

Q Into what accounts was the \$10
million transferred initially?

A HSBC London, Centrum Bank,
Liechtenstein. I don't know if it went to another
one. Then Standard Charter, Singapore.

Q Did you say Centrum Bank,
Liechtenstein, HSBC London, was there a fourth
account that you mentioned?

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A I think there was only three, Standard Charter and Centrum Bank and Centrum Bank sent it back because it was a large amount for the bank, they said. And then it was resent back to HSBC London.

Q Okay. I'm going to show you --

A To the best of my memory.

Q Sure. I'm going to show you a document that is going to be Government Exhibit 8.

(A document entitled Facsimile Communication was marked as Government Exhibit No. 8 for identification, as of this date.)

Q It's got a heading of Facsimile Communication and then a subheading of Fund Transfer Instructions that appears to be addressed to Ingo Passoth, Director of Deutsche Postbank?

A Right.

Q And signed by Sam Israel?

A Right.

Q Do you see four entries for transfers on the page?

A Yes.

Q Okay, let's start with the first

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one --

A So I see here \$1 million stayed in Deutsche Postbank. That's so -- it was transferred in the bank from his account to my account. Sorry about that.

Q The first account or the first transfer of \$1 million to Deutsche Postbank account in the name of Robert B. Nichols; is that accurate? Was there such a transfer on or about this July 13, 2004?

A Is that accurate? I'm going by what it says. It's a bank instruction. I assume it's accurate.

Q Just to be clear, I'm trying to confirm what happened to the \$10 million --

A I know that.

Q Did \$1 million go into an account in your name, Robert B. Nichols, at Deutsche Postbank?

A Yes.

Q On or about July 13, 2004 did \$2 million go into an account at Standard Charter Bank in the name Nichols, Robert Booth, business?

A Yes.

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Q And on or about that same date did \$3 million go into an account at HSBC Bank PLC in the account named Robert B. Nichols and Ellen M. Nichols?

A Yes.

Q On or about that same date, did \$4 million go into an account at Centrum Bank AG in the account name Sunteleo Establishment, S-U-N-T-E-L-E-O?

A Yes.

Q All of these transfers were from Postbank account in Germany to the best of your understanding?

A They were from Sam Israel's account. It says it right here.

Q When did you first open the Postbank account in your name?

A When I went there with him.

Q Was that in July of 2004?

A I guess, whenever I went there with him. He asked me to go with him; I opened an account.

Q When did you first open an account at Standard Charter Bank in Singapore?

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A 1977.

THE TRIAL OFFICER: If I could change the tape now. The time is now 5:13. This is the end of Tape 4. We're now off the record.

(Whereupon, at 5:13 o'clock p.m., a recess was taken to 5:24 o'clock p.m.)

(The deposition resumed with all parties present.)

THE VIDEOGRAPHER: The time is now 5:24. This marks the beginning of Tape 5. We're back on the record.

R O B E R T B. N I C H O L S, resumed and testified further as follows:

BY MR. ALBERTS:

Q The Singapore Standard Charter account that you opened up in 1977, what did you use that account for after 1977?

A What did I use the account for? I can't remember. From 1977 you're asking me what I used the account for?

Q Was it a personal account?

A Basically, and some business, you

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know, would hold funds.

Q Why do you have a bank account in Singapore?

A Because I wanted one.

Q What did you want a bank account in Singapore for?

A Because I go to that region a lot.

Q What do you do in that region?

MR. BAINTON: Give him some examples of things you've done in that region. Give him some examples of things that you've done in that region, I think that's what he's asking.

A Well, I was asked to go into Vietnam in the '90s by a man named Overbeck -- I believe he's with the U.S. government -- and see if I could facilitate getting two U.S. parties onto military bases inside Vietnam so that they could assess what kind of ordinance and other things related to the Vietnam conflict were still there and viable.

I was also asked if I could arrange rice contracts for African nations that would

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assist, you know, certain areas with regard to relationships with regions that were more difficult and they thought arranging rice contracts for them would soften the way in negotiations between U.S. interests and their countries.

I was asked to meet with the prime minister, deputy prime minister on projects that would develop a duty-free zone there.

Q Prime minister of what?

A Vietnam.

Q Your HSBC account in London, when did you open that?

A About '90 -- I'm guessing, six, seven, something like that.

Q Your Sunteleo Establishment account in Centrum Bank, when did you open that?

A That was only open for a couple of weeks. Someone suggested I open the account and it was opened and closed in a couple of weeks.

Q What is Sunteleo Establishment?

A It was just a Liechtenstein corporation that I thought it would be best to hold the funds, if anything, in that region in an

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establishment which is a company or an
errichtungsgesellschaft instead of my personal
name.

Q Was this a Liechtenstein
establishment that you controlled?

A Yes, at the time.

Q What did that establishment do?
What was the purpose of the establishment?

A Nothing.

Q Was it just a shell corporation,
then?

A It was just farm. It hadn't had
time to do anything.

Q Did it ever do anything?

A Well, it only was there for a couple
of weeks, I think. It didn't do anything.

Q So did this company ever do anything
other than receive this \$4 million and then
distribute it?

A And then return it, no.

Q And then return it to whom?

A Back to Postbank to my account or
back to Israel's account. It went back to
Israel's account.

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Q Where did it go from Israel's account?

A Back to my account.

Q In what account did it go back to?

A The Postbank account.

Q When you say the Postbank account, are you referring to the first account listed on Exhibit 8?

A Yes.

Q At that point, there were \$5 million that Postbank account?

A Probably something like that.

Q This Sunteleo Establishment, was it registered somewhere as a company?

A It was registered in Liechtenstein.

Q On its registration papers, who is listed as owning it?

A I can't say because sometimes in Liechtenstein they do not fill out the shares until you request it, so I don't know if I ever asked them to fill it out, but it was mine, so --

Q Do you have the papers for registering that company still?

A No.

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Q Where are they?

A Probably in Liechtenstein.

Q Are they in your custody in
Liechtenstein?

A No.

Q Are they in your custody anywhere?

A Are they?

Q In your custody anywhere?

A No.

Q After the money was transferred into
the Post -- into your Postbank account, where did
that money go?

A It went to HSBC, I believe.

Q When you say HSBC, are you referring
to the third account that's listed on Government's
Exhibit 8?

A Yes.

Q Where did it go from HSBC?

A Well, I believe some of it, \$2
million, went to Standard Charter, right?

Q At this point, I think you have said
\$8 million has gone to HSBC which would consist of
the \$4 million from Sunteleo, the \$1 million from
Deutsche Postbank and the \$3 million that

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originally went to HSBC.

Then, in addition, there is the \$2 million that is at Standard Charter Bank. That adds up to \$10 million. Is that all accurate?

A Sounds accurate to me at the moment. I can't be sure.

Q The \$8 million that ultimately went into HSBC Bank, as you have described, where did that \$8 million end up going?

A All over the place. I've tried to reconstruct that with my attorneys.

THE WITNESS: And I think you've delivered boxes of material, haven't you, Martin, on that?

MR. SIMONE: We've got a bunch of documents yesterday traced to the bank and there will be more coming.

Q I am going to show you a document that's marked Government's Exhibit 9. Do you recognize that document?

(A letter dated November 21, 2008 was marked as Government Exhibit No. 9 for identification, as of this date.)

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Q Have you ever seen this letter before?

A Are you asking me?

Q Yes.

A No.

Q This is a letter dated November 21, 2008. It is addressed to Gary Mennitt and Jonathan Perry at Dechert. It appears to be signed by J. Joseph Bainton. What I want to call your attention to is the end of the first paragraph where it says, "Below is an executive summary tracking the \$10 million at issue in round numbers." And there is then a series of bullet points that lists locations of \$10 million.

Could you just look at that and tell me whether that accurately summarizes where the \$10 million went? And just to be clear, we can go point by point.

MR. BAINTON: I can tell you, it's somewhat inaccurate based upon documents we have collected -- it's close, but it's somewhat inaccurate. We've got better stuff for you part of which we delivered yesterday, but if

Nichols

you would like us to -- if you want to go off the record, Martin, and I can do it for you, you can put the witness out of the room, but we've got more precise answers on November, December, whatever today is, than we had on November 21. We were working very hard to get you the information you've asked for and it's still a work in process. Do whatever you want to do, but I just want to tell you that.

MR. ALBERTS: It's going to be kind of difficult to question the witness without looking at the underlying documents. These are documents you produced to us last night?

MR. BAINTON: I believe it was yesterday morning.

MR. PERRY: Why don't counsel go outside and talk about it.

MR. BAINTON: Sure.

THE VIDEOGRAPHER: The time is 5:35. We're off the record.

Nichols

(Whereupon, at 5:35 o'clock
p.m., a recess was taken to 5:53
o'clock p.m.)

(The deposition resumed with
all parties present.)

THE VIDEOGRAPHER: Time is now
5:53. We're back on the record.

R O B E R T B. N I C H O L S, resumed and
testified further as follows:

BY MR. ALBERTS:

Q The first entry in Government's
Exhibit 9, first bullet point states, "\$1.4
million was disbursed to third parties involved in
obtaining a box." Then it gives a number.

Is that accurate that of the \$10
million \$1.4 million was disbursed to third
parties involved in obtaining the box?

A No.

Q Was any money disbursed to third
parties involved in obtaining the box?

A There were expenses.

Q What did you say?

A There were some expenses.

Q What were the expenses?

Nichols

A The security payments for the security location, things like that, of that nature, nothing significant, nothing big.

Q Was anything disbursed to third parties involved in obtaining the box?

A Not in obtaining the box.

Q So this statement is false?

A It's false to me.

Q Was any money disbursed to third parties involved in obtaining the box?

A Not in obtaining the box.

Q So the correct figure here instead of \$1.4 million disbursed to third parties involved in obtaining the box should be zero dollars disbursed to third parties involved in obtaining the box?

A There were expenses involved in obtaining the box and then there were expenses after the box was accepted, you know, by Mr. Israel. Then there were several hundred thousand dollars, but you said in obtaining the box. No, very little.

I mean, air travel, hotels, things like that. You know, we're not talking 1.4.

Nichols

We're talking \$25,000 or something like that. I'm guessing.

Q Were there any persons who you paid in an attempt to obtain the box?

A I probably paid overhead or things like that for people or something like that in travel, but nothing was paid for the box.

MR. BAINTON: Jeff, could I respectfully suggest that you amend your question to use the project?

MR. ALBERTS: No.

MR. BAINTON: You're tripping over obtaining the box versus expenses to third parties in connection with the project.

THE WITNESS: I've said it a hundred times. The box is worthless -- not the box, its content. We've gone there so many times I -- just stick with the box.

Q Do you understand what I mean by obtaining the box?

A Obtaining means to take the box.

Q You know what box I am talking

Nichols

about?

A I assume you are talking about the one that has the seal on the outside, right?

Q That's the box for which those -- obtaining that box was one of the goals for which you were paid \$10 million, correct?

A I'm going to say this again because I want to be saying it properly to you. Evidently, I am not articulating this very well. The box is a piece of metal. It's what was in the box that was of interest to people. The box is just a piece of metal with a handle.

Q Did you ever open the box?

A No, I did not.

Q Anything that you did to acquire the contents of the box you also did to acquire the box, right?

A So acquiring the box, if you would say the project or the -- but every time you say box in my mind I just think of a piece of metal.

Q Okay. Let's look at that first entry, \$1.4 million, did you expend \$1.4 million to third parties involved in obtaining the box and its contents?

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A No.

Q Did you disburse any money to third parties involved in obtaining the box and its contents?

A I spent money, so disbursed to third parties could be anybody that I spent money on, on getting to and obtaining the box. That could be the airline, I assume the hotel, people's airfare. Is that a correct statement I'm asking you?

Q Were there any persons that you paid in order to obtain the box and its contents?

MR. BAINTON: Objection.

A No.

Q Did you pay any money to Steven Hickock relating to the box?

A Yes. Relating to the box, yes.

Q What did you pay him relating -- what amount of money did you pay him relating to the box?

A Oh, I don't know, couple -- \$20,000, \$10,000, something for assistance in helping do some -- I will just stop there. Assistance.

Q What did you pay him to do?

A To do some checking on his

Nichols

background and history from his -- you know, with his relationships and his relationship, as I believe I mentioned before, was David Smith. And David Smith was how I met Steven-- I mean, he introduced me to David Smith. David Smith briefed me on the box, so it was intelligence that was important to me.

Q When did you pay Hickock this \$20,000?

A It might not have been \$20,000. I said approximately. I'm guessing at the figure, something like that.

Q When did you pay him approximately \$20,000?

A Probably it was not at one time, over a period of time, a little here, some there, \$5,000 here, \$2,000 here, whatever, something like that.

Q Were the payments after you met Sam Israel?

A Oh, after I met Sam Israel? No, they were before I met Sam Israel.

Q Did you ever pay any money to Tansri Teong in connection with the box?

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A Yes, I did.

Q In connection with the box?

A In connection with the box?

Q Yes.

A Yes.

Q How much did you pay him?

A I would be guessing, \$150,000,
something like that.

Q What did you pay him that money for?

A Once I was told by Sam Israel that
the box was correct, then I felt I had obligations
to the people that facilitated me obtaining the
box, and so I gave Teong probably \$150,000 and
maybe \$200,000, something like that.

Q Sorry, what were you paying him for?

A He was a facilitator in helping me
work with the Maiwah family. He flew to
Singapore; he flew to China. He brought in the
military people that produced the box for my
scrutiny, so to speak. He said that he would put
together the heritage documents on their side. He
was the liaison between Taiwan and China because
there's some contingent over these assets. He
helped me obtain the box, so --

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Q He did this before you met Israel,
correct?

A That's correct.

Q Did you pay him before you met
Israel?

A I think I paid him after I met
Israel, maybe -- no, I paid him -- oh, I
definitely paid him after Israel. I didn't pay
him anything until after Israel because I wanted
to hear from Israel that the box -- that he was
satisfied with the box and he and Ellis were
satisfied, so I didn't pay anything until after
that.

Q I thought you had said when you
acquired the box you didn't even know Israel?

A That's absolutely correct.

Q So when you acquired the box, why
didn't pay Tansri Teong then?

A Because I had not moved ahead with
the box into anything. I told Tansri Teong that
if the box moves into a position to where it's
viable, it's going to go somewhere, it's going to
make some money, you know, for your government or
for the parties involved, I will compensate you in

Nichols

some way because you've been very helpful on this, but if it doesn't move ahead, you know, there will be no compensation.

He accepted that and it did not move ahead until I looked at the situation I mentioned earlier with David Smith where they said 20 percent on the settlement amount and so on and so forth, but I was still investigating it. Then, when Israel brought it up, he didn't mention any settlement amount. He just said he'd pay for the box, if it was as represented.

He had the opportunity to look at it. He looked at it. He had all information. He said it was as represented. I had done what I said I would do and that was that.

Q Did Teong physically bring you the box?

A You mean like this?

Q In any way.

A Well, he was accompanied by two parties that were described to me as military officers. They were in plainclothes, but military officers brought the box to me.

Q Where were you when you received the

Nichols

box?

A First time I saw it was in Singapore. Second time it was put in my room in London in the foyer, you know, when you go in before the room.

Q When did you see it in Singapore?

A I don't know, couple of months before, six months before, something like that I saw it there.

Q Was it in 2004?

A I think it was just 2003, right before 2004. I'd have to look at my passport.

Q Do you know if it was before Christmas?

A Do I know definitively if it was before Christmas? No. I would say that it was before, but I'm not positive.

Q Who was present when you saw it?

A I don't remember, some Chinese military people.

Q What led you to -- let me rephrase that.

Why were you there?

A I was there on something concerning

Nichols

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2 Vietnam, I believe. Yeah, a meeting with someone
3 from Vietnam on a -- can't remember specifically,
4 but something concerning Vietnam.

5 Q How did you first hear about the box
6 on this trip to Singapore?

7 A I discussed this with Tansri Teong
8 before in London, in his home in London. He has a
9 home in London, Hong Kong, Shanghai and Singapore
10 he has a residence in -- we discussed it. I had
11 heard about these things since the '80s.

12 Q Other than generally hearing about
13 the box, when did you first hear that it was in a
14 specific location that you would be able to go to
15 and see the box?

16 A It wasn't in a specific location.
17 They brought the box to me. I had to wait there
18 several days for it while they transported it from
19 China.

20 Q When did you first learn they were
21 going to transport the box from China to you?

22 A When they asked me if I would look
23 into it and see if I -- if I could find the right
24 corridor within the United States government to
25 negotiate their settlements, did I want to give it

Nichols

a go or would I give it a go. And I said I will, if I'm under no time constraint. But only wanted it introduced to government and to me, Sam Israel and his cousin -- I mean, the cousin -- what am I talking about? Ellis seemed to me to be, you know, the right altitude, right credential, to deal with him.

Q Was it your understanding that Teong was acting on behalf of the Chinese government?

A Absolutely, yes. I mean, you're asking me what did I believe. I can just say yes, but I'm saying that's what he said and that's what I believed. I had heard that from --

Q Why would the Chinese government, if they want to contact the U.S. government, instead of calling the U.S. government call Robert Nichols?

A I knew we were going here when I met you. I don't know. I don't know.

Q Did it seem strange to you at all --

A No, not at all.

Q -- that --

A Not at all. Not at all. I have dealt with many foreign governments and talked to

Nichols

them. And they could call you.

Q What did you think was the value of the contents of the box?

A My personal opinion? Well, I'm just going on what it said on the face, \$100 million, but I know it's much more because it's gold certificates.

Q It was \$100 million per certificate; is that correct?

A I don't know. I wasn't there to see the box opened. I would have liked to have heard about the chain of custody. I would have liked to have forensic people there when you opened the box. I would like to have had some other people there that are watching, checking, metallurgists, things like this, people that deal in the history of these type of artifacts. I think that that should have taken place, but I was informed by my attorneys that you just pulled the box out of -- you know, out of London, took it to the Federal Reserve, popped it open and they said, oh, it's all false.

So you know there is a little -- the next one will be ordered opened should there be

Nichols

another one in a bank in another country, specialists there from government, forensic people, metallurgists, you know. This thing of just opening up something without our being there or someone representing us to me just didn't seem correct, but that's just my opinion. Do you understand what I'm saying?

Q I'm a little confused. You're saying it was opened in the Federal Reserve and instead it should have been opened with metallurgists?

A I'm saying if it's going to be opened at the Federal Reserve and it's going to be an issue -- which to me it never was, I never said the box was worth \$2 -- if it's something to become an issue, as it obviously has, I think that it should be opened in the presence of counsel and parties from the other side. It's like asking the Federal Reserve, is this a legitimate box or the federal government. And if they say, yes, that means they could owe a trillion dollars or something like that. And if they say, no, they owe nothing. I just think there should have been someone else there present, you know, to give

Nichols

another opinion.

Q Is that because you think the federal government might lie about whether or not they are legitimate financial certificates so they don't have to pay money?

A It's a possibility.

Q Is it your concern about this possibility that leads you to say somebody else should have been there?

A That's correct. I believe that it just would have been right and proper to have someone else there. It's like saying I'm my own eye witness. Wouldn't it be okay to have someone else have a look at it?

Q Other than Tansri Teong, did you pay Michael Cleverly in connection with the box?

A I paid him -- I paid him something concerning the verification of the notes on the -- the etching. Remember we discussed the etching?

Q How about Robert S. Clark, did you pay him in connection with the box?

A I paid him something, yes.

Q What did you pay Robert Clark for?

A I don't recall, several thousand

Nichols

pounds. I don't recall.

Q Was it more than \$50,000?

A I will's say 25 to \$50,000. That's a guess. He's a solicitor.

Q Was that before or after you met Israel?

A Oh, that would have been after Israel because it would have been when Israel had already stated that everything was in order.

Q Wilhelm Teekman, other than what we've already discussed, is there anything that you paid him for in connection with the box?

A I gave him a couple thousand pounds here and there and I think I gave him some money because he had a son that was in an accident and I asked someone to give them -- to help the family out, so I'd have to look into that. Someone just decided to run over his son after our meeting, so I tried to offer assistance financially.

Q Is Wilhelm Teekman a wealthy individual?

A I don't have access to his financial -- you know, his -- I can't even think any more, Price-Waterhouse, you know, I don't know

Nichols

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2 what -- I would say he's a successful person. He
3 dresses nicely. He's clean-cut. He shaves. He
4 drive a decent vehicle, probably. I believe. I
5 didn't see that. I mean -- but I can't say that
6 he's wealthy, he's poor. He just is a successful,
7 you know, proper person, a very decent person.

8 Q Is it your understanding he is a
9 senior official at a Swiss bank?

10 A I don't know where I ever -- I never
11 heard that from anyone.

12 Q Did you ever pay David Bezel in
13 connection with the box?

14 A David Bezel probably received some
15 money, but nothing of any significance.

16 Q Was it more than \$10,000?

17 A Could have been around \$10,000 --
18 well, not in connection with the box, no, no,
19 David Bezel I would say he might have helped or
20 done some checking or something and it would be a
21 few thousand dollars.

22 Q Did you ever pay Bernie O'Neil in
23 connection with the box?

24 A I gave Bernie O'Neil some money to
25 do some research on the box, that's right, to do

Nichols

some background and on currency also.

Q How much did you pay him?

A I have to get that report, that reminds me. I believe he is working with a couple former Treasury agents. I will have to look into that.

MR. ALBERTS: We request that report, to the extent that it hasn't already been requested.

Q Can you obtain the report?

A Which?

Q Can you obtain the report that you just mentioned?

A I don't know.

Q What would you have to do to obtain the report?

A What would you have to do?

Q Yes.

A I don't know, but why would I want the report? I'm curious to see it, but I'm missing something here.

Q What is it a report on?

A I understand it's on currency and I understand it's on things surrounding this

Nichols

particular area we're discussing.

Q Have you ever received the report?

A No. I understand it's available somewhere.

Q What would you have to do to get it?

A I don't know if I could get it. If I were going to attempt to get it, I would probably have a reason to get it.

Q What would you have to do to get it?

A I didn't say I could get it. I said if I were going to attempt to get it, I would probably have to travel to Europe for it.

Q Where in Europe would you have to travel?

A I would imagine East Bonn or, you know, something like that.

Q Couldn't you just call David Bezel and have him fax it to you?

A I don't know.

Q Did you pay him money for a report?

A No. He provided me what I wanted. He gave me the information I wanted at the time. I mean, he is not owing me anything. This is other things. He is not owing me something.

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Q You just know he happens to have a report?

A I would say that there is a report over there. I've heard things to that effect. I wouldn't swear to it.

Q Oh, you don't know if there is any report?

A I don't know there is not a report.

Q John Cook, did you ever pay him in connection with the box?

A John Cook took some money and I don't know if I got it back. He was one of the ones who was involved with Israel. And he also -- I didn't care for John Cook, so I don't know what to say about it. He is involved with ODL. He's kind of a -- I don't know. They described him as the person who does due diligence on clients and all. These people are all -- how much do you know about ODL? You see, you ask the questions. It's hard to have a conversation with you when I can't ask anything. Do you know Marilyn Roosevelt?

Q How much have you paid John Cook?

A See? I don't recall.

Q Do you recall what he did for you

Nichols

when you paid him?

A He looked into some investment opportunities.

Q What investment opportunities?

A To see if there were places -- I believe it was France with a man named Richard something, Richard something in Monaco -- to see if there were opportunities to invest in that had, you know, decent returns, none of this high yield stuff, but decent returns.

Q Looking again at Government Exhibit 9, the second entry refers to \$1.5 million expended to purchase real property located outside of Prescott, Arizona; is that accurate?

A That's correct, I believe, yes.

Q The next entry says, \$1 million was expended to make improvements on the Prescott property which is owned by a trust of which Mr. Nichols is the sole beneficiary; is that accurate?

A I believe so, yes.

Q The next entry says, \$1 million was loaned as a personal loan to a long-term acquaintance which is expected to be repaid within less than 12 months; is that accurate?

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A No, that's not accurate.

Q In what way is it inaccurate?

A It would be repaid the end of 2010.

Q To whom was the loan made?

A Frank Faryab.

Q Who?

A Frank Faryab.

Q Could you spell the last name?

A F-A-R-Y-A-B.

Q When did you loan him -- did you
loan him a million dollars?

A Yes.

Q When did you loan him a million
dollars?

A About two years ago, I guess,
something like that.

Q What are the terms of repayment?

A Just pay me back. He's a friend of
mine, little interest. I forget what the amount
was.

Q Did you sign any agreement?

A I did, but it's in Europe.

Q Where in Europe?

A London.

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Q Where it London?

A I don't know specifically. I'd have to look.

Q When you say you don't know specifically --

A I mean, I don't know specifically. I don't know if it's in my flat. I don't know if it's in a friend's flat. I don't know if it's in a file that I left someplace. I don't know exactly. I don't know specifically.

Q If you were going to try to locate it in London, what would you do?

A I would start looking.

Q Where?

A I'd probably go to my flat. Then I'd probably go to a friend's flat. I'd probably call around and say are you holding any papers for me? I may call Switzerland and ask someone are you holding any papers for me? And things of that nature. I scatter things all over the place.

Q What friends in London would you call?

A Steven Hickock.

Q Who else?

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A Robert Clark.

Q Anyone else?

A See, that's about all the friends I could think of right now.

Q Can you think of anywhere else that your files would be located other than in your flat and in the custody of Steven Hickock and Robert Clark?

A Not at this moment.

MR. BAINTON: Or Robert Clark, or not and.

Q Or Robert Clark?

A You mean all my files, everything?

Q In London, yeah.

A No, I can't think of it now.

Q Have you called Steven Hickock and asked him to get any files for you in connection with this case?

A No, no.

Q Do you have his phone number?

A Yeah, I think I do. I have his phone number.

Q Robert Clark, have you called him in an attempt to get any documents in connection with

Nichols

this case?

A No, I don't believe they have any documents in connection with this case until speaking to you today when you start asking for this and that.

Q Did you know that documents that relate to payments that you made concerning the box were relevant in this case?

A But there was no paperwork on them. I just paid obligations. There was no receipts, so when you say would you look at the documents concerning this, it doesn't work like that in my world. I just say here, there, thank you. There is no paperwork. You act like there is a file, a ledger. There's not.

I took X amount of money, I admit openly, and I paid certain people what I felt was appropriate to accomplish certain objectives. That's the way my life is. It's not as perfect as it should be. It's not tailored and neat.

Q You said that the loan agreement you would look for it in London if you were trying to find it. Did you know that a loan agreement concerning money that you received from Sam Israel

Nichols

was relevant to this case before today?

A Yes, I did and I had -- I had Frank Faryab sent an e-mail or fax stating that he owed me a million dollars just to substantiate the obligation.

Q Did you have anyone go to your London flat to see if the agreement was there?

A I know the agreement is -- I say the agreement could be there, but I don't believe it is, but I would be able to have someone go to the flat and look immediately, but I just don't believe it's there. I believe it's probably in a file with Hickock or someone that I just left it with. I will look into it.

I'm stammering, I realize, but I didn't realize that it was so important for you to hunt down something when the person who I lent the money to acknowledges the debt and says they will repay it, so I didn't realize it was that important.

Q Have you had anyone go to your London flat and check for any documents that relate to this case?

A They can't get in it. It would be

Nichols

very difficult to do that.

Q Do you have a key?

A I have a key, but it's a security building. It's next to the U.S. Embassy and I would have to get -- there would have to be some protocol for me to have someone go in and go through papers there.

Q What protocol?

A I would have to have probably Martin or someone go there and with a letter and go through it. It would not just be I could call someone and have someone unknown go into the place because there are security requirements in the building, but we could do that, if you like.

Q You're saying you have a building where you can't just call up --

A I'm saying I have an apartment that I don't have access to because I was asked not to return to it until this matter was cleared up over here.

Q Your apartment building wouldn't let somebody in if you called up and said somebody is going to be coming to my flat with this name and I gave them a key?

Nichols

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2 A I don't think so. They would want
3 to know that -- they would want additional
4 documents signed. I couldn't just call and say, I
5 gave someone a key. They would want me to send
6 something that authorized them and, of course,
7 they would let them in at that time.

8 Q If you faxed over or mailed by FedEx
9 a letter authorizing somebody else to go in, they
10 would let them in?

11 A I would say it would be best to have
12 someone like Martin or an attorney from here to go
13 to that flat that they know.

14 Q Could you first answer that
15 question?

16 A I don't want somebody in the flat
17 that I don't know.

18 Q I understand, but were you to send a
19 FedEx letter authorizing them to let somebody in
20 your flat would they let somebody in?

21 A I don't know the answer. They may
22 not.

23 Q Do you have any reason to think they
24 wouldn't?

25 A Well, there are a lot of diplomats

Nichols

in the building. I said it's across the street from the U.S. Embassy. It's a high security area. They have all kinds of rules about just having people that come and go in the building.

I could do it tomorrow, if you'd like me to. Do you want someone to go in my flat and go routing through the drawers, I would be happy to do it for you.

Q That would be great.

A Okay. What are we looking for now? The \$1 million --

Q Your attorney will go over the documents --

A Pardon me?

Q Your attorney can go over the document requests that have been served in this case.

A All right.

Q When did you loan the money to Frank Faryab?

A I don't recall. It's probably about two years ago.

Q Do you know when it was? How do you know Frank Faryab?

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A I have known him since the '70s.

Q What does he do?

A He's a businessman, real estate.

Q I'd like to call your attention to Government Exhibit 9. The third bullet entry from the bottom states, \$1 million was lost by investing in a project to purchase and then resell gold bullion; is that accurate?

A No, that is incorrect.

Q In what way is it incorrect?

A I was involved in a project, but nothing like that was lost in the project. I've got to go over this and see.

THE WITNESS: Did you look at the addition or the math here?

Q I'd ask you to not consult your counsel while a question is pending.

A Oh, okay.

Q Just to be best of your recollection will be fine.

Do you remember how much you lost?

A Maybe, I don't know, couple hundred thousand dollars. I don't know.

Q Do you know when you lost it?

Nichols

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A I think 2006.

Q To whom or where was the investment made?

A It was involved with people that were putting together transportation for bullion out of a certain area of South Asia to the Swiss -- to a Swiss refinery. And a lot of expenses were paid up front to arrange the insurance and the aircraft and all of which I don't have the details. And something took place that delayed the project for 12, 24, 36 months. So I let it go at that because I want to do the projects after this business is finished, so that's it.

Q Where in South Asia was the bullion going to be transported from?

A Kuala Lumpur.

Q Where was the bullion going to come from that was going to be shipped out of Kuala Lumpur?

A It's already in Kuala Lumpur.

Q Where did it come from?

A I don't know its origin.

Q Where was it going to go in

Nichols

Switzerland?

A A refinery in Lugano.

Q A refinery where?

A Lugano.

Q How do you spell that?

A L-U-G-U-N-O.

Q What were the names of the people that were running this project?

A I forget the names.

Q Was there a company?

A The refinery in Lugano, I forget the name of it.

Q The people whose names you forget, they were employed by a refinery in Lugano; is that right?

A The principals, I forget their names. I didn't want to know their names. I just knew their representative and I forgot his name because I didn't want to know it.

Q Do you know the names of any individuals or entities who were in any way involved with this project?

A Not right now. I know that the principal was the head of the refinery in Lugano,

Nichols

Switzerland.

Q I'm showing you a document that's going to be Government Exhibit 10.

A Am I supposed to read it?

MR. BAINTON: Yeah.

(An e-mail was marked as Government Exhibit No. 10 for identification, as of this date.)

Q At the -- this is an e-mail. The top e-mail is addressed from RBN@aloha.net to Dan Marino. Do you recognize the e-mail, RBN@aloha.net?

A Yes.

Q I'd like to call your attention to the second e-mail down. It's inset a little bit from the top one. It starts with Hello, Ellen?

A Right.

Q It's from a Dmarino@bayougroup.com. Do you recognize that e-mail address?

A No, but, I mean, I assume it's Dan Marino.

Q In that first paragraph of that e-mail, it says, "In addition my understanding is that some monies will be coming back on Tuesday.

Nichols

If so can the funds be wired to the following account," and then it lists an account for credit to Bayou Management, LLC, special account, 40 Signal Road, Stamford Connecticut 069802.

Why would Dan Marino be e-mailing your e-mail address with this information?

A I'm going to tell you in a second.

Q Just to be clear, there is no question pending. I just want to give you a chance to look at it.

A I'm trying to see where it says the funds will be -- you mean up here? Oh, I see.

Q It asks that the monies be wired back to a Citibank account in the name Bayou Management, LLC-special account, right?

A Yes.

Q Why would Dan Marino be writing to your e-mail address to from a Bayou Group.com --

A Sam Israel before he had \$125,000 from me and he asked me if I could pay it back to that account, which I did. I mean, I lent him \$125,000.

Q Why would you be paying money that you owe him to Bayou Management?

Nichols

A I didn't owe it to him. I lent it to him. This is a loan to him. I lent him the money.

Q So why would Dan Marino be e-mailing you --

A I don't know about the return because I am looking at this April 16, 2004 and Carolyn Sherry in the office in addition might have sent some monies will be coming back on Tuesday, if so can the funds be wired to the following account, and he asked me if he could borrow \$125,000 for his personal thing with his wife or something. And Carolyn -- is that the one that was -- oh, I don't know, the girl that sat downstairs there that took care of all his stuff, you know. And I sent him the money. That was it. So you'd have to look at the incoming thing from me to him on that day --

MR. BAINTON: Bob, look at the date.

MR. SIMONE: Bob, look at the date.

MR. BAINTON: Look at the date.

Nichols

THE WITNESS: Look at the
date? It says April 16, 2004.

MR. SIMONE: Right.

MR. BAINTON: When did you
first meet Israel?

THE WITNESS: I met him --
this doesn't make any sense. This
could be -- I am trying to reach --

MR. BAINTON: Did you ever
refund any part of the fee from Debit
Direct when they didn't want the card?

THE WITNESS: No, this doesn't
have -- this has to do with something
between Israel and Hickock and that
and he's asking us about it because
there is nothing. There is nothing.

BY MR. ALBERTS:

Q I am going to give you another
document that might help you understand what's
going on. This is going to be Government's
Exhibit 11.

(An e-mail was marked as
Government Exhibit No. 11 for
identification, as of this date.)

Nichols

THE WITNESS: Do you
understand what I mean?

MR. BAINTON: This is why you
shouldn't be taking a deposition at
7:00 o'clock at night.

Q This is from Trish. It is an e-mail
from Tricia -- Trish O'Dwyer to RBN@aloha.net. Do
you remember getting this e-mail?

A No, I don't.

Q Do you know why Trish would be
writing Robert/Sam per Dan Marino's instructions,
"Please find attached the documents for your
review"?

A I don't know anything about that. I
don't understand this or know anything about it.

Q Could you turn to the second page --

A I'm looking at the second page.

Q This is a document. It's on "Bayou"
header, correct?

A It says Bayou header, right.

Q Do you see on the second page, the
third full paragraph, the last line is, HCAF has
appointed Mr. Robert Nichols as special projects
coordinator?

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A Right.

Q Were you appointed by HCAF as special projects coordinator?

A Not to my knowledge.

Q Okay. There is a line here that says, confirmed Mr. Robert Nichols, down at the bottom?

A Yep.

Q Did you ever sign a document like that?

A I may have. I don't know. I would have helped Steven or done what was necessary here.

Q Why would you be getting all of these documents before you even met Sam Israel?

A Why would I be getting the documents before -- I don't know.

Q This e-mail is dated April 12, 2004. Had you met Mr. Israel at the time?

A I'm saying I don't know unless -- I don't know. I can't explain.

MR. BAINTON: I would like to object to the form of the question.

A I mean, I don't know why I would get

Nichols

them to me before I met him because --

MR. SIMONE: Bob, do you know
when you met him?

MR. ALBERTS: Hold on.

Q Just to make a clear record, did you
know Sam Israel on April 12, 2004?

A When did I meet him?

Q I'm asking you whether you had met
him as of April 12, 2004?

A I don't know. I'm kind ever groggy
here.

Q Did you know anyone at Bayou as of
April 12, 2004?

A I would have had to have known him
for this paperwork. I mean, I would have had to
met him before this date.

MR. BAINTON: Would you mind
if he looked at an earlier exhibit to
help refresh his memory?

A You're asking me did I know him
before April 12. Maybe I knew him April 11.

MR. ALBERTS: If there is an
exhibit that you think you could show
him --

Nichols

MR. BAINTON: Yeah, let me see if this helps. Okay, Exhibit Number 2, Government 2, says there was a wire transfer to you relating to Debit Direct consultancy agreement on April 5, 2004. Does that help you fix the date?

THE WITNESS: But that's to have me go and meet him, but --

MR. BAINTON: Do you know when you met him?

THE WITNESS: Not him. Dan Marino, he happened to be there, so I would say I met him. I don't know. It's got to be on a paper here or something.

MR. BAINTON: Do you have the copy of his passport that we produced?

MR. ALBERTS: I do.

Q Here. This is Government's Exhibit 12.

(A document was marked as Government Exhibit No. 12 for identification, as of this date.)

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A I mean, I know I met him in April.

Q Do you recognize that document?

MR. BAINTON: Could I see it?

A April 13, yeah, this has to do with him going into the thing with Steven Hickock, the humanitarian thing. This is from Ellen, my wife, to Dan Marino on accounts numbers or whatever he wanted.

Q What is the bank name that's listed there?

A Pardon me?

Q What is the bank name that's listed there?

A Barclay's Bank.

Q Right above that it says, "Pursuant to our conversation here are the new account details," right?

A Yeah.

Q And does it appear that Ellen is sending new account details to Dan Marino?

A Yeah, for Steven because Steven would have asked her -- Hickock -- send him the details for Barclay's Bank for his transfer and that's what it is. And then it says Human

Nichols

Coalition Aid Foundation.

Q Why would Ellen be sending that request to Dan Marino?

A I didn't know it was a request. It's just information.

Q Why would she be sending that information to Dan Marino; if you know?

A Because he would have requested what account does Sam Israel's funds go in for the coalition thing with Steven Hickock.

Q It wouldn't be Bayou funds?

A It wouldn't be Bayou funds? I mean, I don't know if they're Bayou funds or Sam Israel funds, but what it's saying is here is the account for Sam Israel will authorize signature, Sam Israel, III. Here's the account detail for this Human Coalition Foundation limited account, period.

Q Okay. On Government's Exhibit 11 that I just showed the Humanitarian Coalition documents are on Bayou letterhead, correct?

A If you say so.

Q Do you see the word Bayou at the top of the page with number Nichols - U.S. A003034?

Nichols

MR. BAINTON: Objection.

A Where are my papers? Are they there somewhere?

Q Government Exhibit 11, second page, do you see Bayou, the word Bayou at the top?

MR. BAINTON: Objection.

MR. ALBERTS: What is the objection?

MR. BAINTON: I think the document kind of speaks for itself. It says Bayou in the top right-hand corner, identifies Mr. Israel as the benefactor. The document says what it says and I think we have established that the witness can read and it's late.

MR. ALBERTS: It's just a foundational question.

Q Do you see the word Bayou at the top?

A I see Bayou at the top right corner with a little stork next to it.

Q Did you understand that Bayou was involved in this Humanitarian Coalition Aid

Nichols

Foundation agreement?

A You say connected to. I don't understand the words you use. Bayou was connected to -- you mean involved with?

Q Sure, involved with.

A Yeah, but connected to and involved with are two different words, you know, or --

Q Let me rephrase the question, then.

Do you understand -- did you understand at the time that Bayou was involved with this Humanitarian Coalition Aid Foundation project?

A They became involved for a period of time. I am aware of that.

Q In what way were they involved?

A Samuel Israel was going to enter a trade program with the coalition foundation to benefit himself and produce money for the foundation's objectives.

Q How is Bayou involved?

A Well, I don't know Bayou. Sam Israel was involved, but I see your little stork and logo thing up here, so I will say they are involved. What do you want me to say to you? You

Nichols

know it says Sam Israel, III, benefactor. That means to me -- it doesn't say Bayou benefactor.

MR. BAINTON: Turn to page 040.

THE WITNESS: Do you see my point here?

MR. BAINTON: Keep reading. We're going to stop this pretty soon because it's getting a little late.

THE WITNESS: No, I mean, he says Bayou, but I mean it says benefactor, Samuel Israel, so just because it has a stork on the top of the page, I don't understand what he's trying to say here.

A It's like I will make my own game. Okay, Citibank, whatever, account name, Samuel Israel, III. Oh, I guess that means -- this is Bayou. Look at this. This is Samuel Israel, III. This is all in, but it's Bayou because it's got a bird up here, right?

Q Was it significant that the document be on Bayou letterhead?

MR. BAINTON: Objection.

Nichols

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2 A I don't go if its on -- I go by the
3 word, I, me, who is the benefactor. These things
4 say, I, me, my account, my consultant, my -- he
5 doesn't say Bayou or my company or we.

6 Q Did you understand that it was of
7 any importance at the time that these documents be
8 on Bayou letterhead?

9 A Absolutely not. What letterhead --
10 what would it have to do with me in any way what
11 letterhead this had to be on?

12 Q Wasn't it important to you whether
13 or not it was Israel's money or Bayou's money?

14 A You are speaking here of the thing
15 with Hickock?

16 Q Yes.

17 A That would make no difference to me
18 whatsoever. I'm paid by Hickock or the Human
19 Coalition Aid Foundation. I am not paid by Bayou
20 or Israel on this.

21 Q You weren't going to get a
22 commission?

23 A I was going to get it from Hickock.
24 You have a copy of the Stewardship agreement. It
25 would be paid by the HCAF group.

Nichols

Q It wouldn't come out of the funds that were transferred over into Postbank?

A It would not come out of any funds whatsoever except the profits -- on this business except the profits made by Sam Israel, a portion of the profits of Sam Israel, a portion of his profits. It doesn't say Bayou profits. It says his profits and the same thing it says on ODL, a portion of his profit, not Bayou profits.

Q I am going to show you a document that's marked Government Exhibit 13.

MR. BAINTON: What time is it?

A So big I don't even need glasses. They'll use my poor wife's name and go torture her now.

(A document was marked as Government Exhibit No. 13 for identification, as of this date.)

Q On the second paragraph, it says, "Please note that both documents need to be signed with the company seal affixed on a colored seal so that the seal will be easy to read when the documents were scanned. Also the board resolution needs to be notarized."

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A Right.

Q Do you know why an e-mail was being sent from your e-mail address to Dan Marino with this?

A Yes, absolutely.

Q Okay. Why?

A Because Sam Israel and Steven Hickock asked my wife to do this, do that, send this, this is what we need, explain it. And my wife, trying to accommodate, you know, did these things to Dan, so that's the answer to your question. She wouldn't know anything about this, that, anything. They say we need this, we need that, my wife would type it up and send it or whatever.

Q Is it surprising to you that they are asking that the documents be notarized by Bayou's board given it's just Sam Israel's personal -- he is personally involved?

A I thought this was involving Steven Hickock.

Q Did you think that Steve Hickock was dealing with Bayou?

A I didn't think one way or the other

Nichols

1 with Steven Hickock and Bayou. I did not think
2 he's dealing with Sam Israel or he is dealing with
3 Bayou. I did not think about it. I was being
4 paid by Steven Hickock. It didn't matter who he
5 was dealing with. When he dealt with me, he said
6 they were his funds. That's a totally different
7 story. That was in Postbank. Nothing to do with
8 this. I don't care. Didn't know who, Bayou,
9 Steven Hickock. It made no difference to me.

11 Q Were you advising Sam Israel with
12 respect to this deal?

13 A No. Just comments. When I say no,
14 I mean what would you do, what do you think,
15 whatever, you know. He said to me repeatedly, I
16 am the expert, I am one of the ten top traders in
17 the world, you know, like, this is my business.

18 MR. BAINTON: Excuse me. It's
19 seven o'clock at night.

20 A I mean, how could I know how to
21 advise one of what I thought wealthiest, most
22 successful men in New York that should have been
23 apprehended, obviously, by law enforcement and FBI
24 agents and Attorney Generals years ago. How would
25 I know how to advise this man who was one of the

Nichols

biggest, best and most successful? That's what the papers said. That's what everything said.

I met his mother. She is a Rothschild. His family is an Aron Family, founders of Goldman Sachs. I met his grandmother. I mean, you know, famous name, Israel, one of the top traders. And you are asking me didn't you know, didn't you know about someone who sits and lives in your turf back here that evidently operated right here from '96 on.

MR. BAINTON: In any event, we're done for the day. Do you think you're going to be all day with Sauls tomorrow because Bob could come back tomorrow afternoon, but I am not going to go beyond 7:00 o'clock at night. I am not feeling particularly well.

THE WITNESS: I'd rather finish with him tonight. Can't we just stay -- I mean, no disrespect --

MR. ALBERTS: I know I don't have more than 20 minutes at most.

THE WITNESS: Then let's just do it.

1 Nichols

2 MR. ALBERTS: Okay.

3 THE VIDEOGRAPHER: You have
4 ten minutes of tape.

5 MR. ALBERTS: That might
6 actually be enough. Let's go off the
7 record.

8 THE VIDEOGRAPHER: It is 6:55.
9 This marks the end of Tape 5. We're
10 off the record.

11 (Whereupon, at 6:55 o'clock
12 p.m., a recess was taken to 6:59
13 o'clock p.m.)

14 (The deposition resumed with
15 all parties present.)

16 THE VIDEOGRAPHER: The time is
17 now 6:59. We're back on the record.
18 This marks the beginning of Tape 6.

19 R O B E R T B. N I C H O L S, resumed and
20 testified further as follows:

21 MR. ALBERTS: So the
22 government has no further questions at
23 this time.

24 MR. PERRY: Bayou Management
25 has no questions. I will state for

Nichols

the record that we understand from the Nicholises' counsel that there may be additional documents being produced and so we reserve the right to continue the deposition once we review those documents.

MR. BAINTON: That's more than fair.

MR. ALBERTS: Just to be clear, the government also --

MR. BAINTON: More than fair, more than fair.

MR. ALBERTS: To continue once we have the documents.

MR. BAINTON: Okay. Thank you so much for your hospitality.

THE VIDEOGRAPHER: The time is now 7:00 o'clock. This marks the end of Tape 6.

(Whereupon, at 7:00 o'clock p.m., the deposition was concluded.)

C A P T I O N

The Deposition of ROBERT B. NICHOLS, taken in the matter, on the date, and at the time and place set out on the title page hereof.

It was requested that the deposition be taken by the reporter and that same be reduced to typewritten form.

The Deponent will read and sign the transcript of said deposition.

C E R T I F I C A T E

STATE OF _____:

COUNTY/CITY OF _____:

Before me, this day, personally appeared
ROBERT B. NICHOLS, who, being duly sworn, states
that the foregoing transcript of his/her
Deposition, taken in the matter, on the date, and
at the time and place set out on the title page
hereof, constitutes a true and accurate transcript
of said deposition.

ROBERT B. NICHOLS

SUBSCRIBED and SWORN to before me this _____
day of _____, 2008, in the
jurisdiction aforesaid.

My Commission Expires

Notary Public

DEPOSITION ERRATA SHEET

RE:
FILE NO.

CASE CAPTION: USA vs. Samuel Israel, III, etc.

DEPONENT: Robert B. Nichols
DEPOSITION DATE: December 16, 2008

To the Reporter:

I have read the entire transcript of my Deposition taken in the captioned matter or the same has been read to me. I request for the following changes be entered upon the record for the reasons indicated.

I have signed my name to the Errata Sheet and the appropriate Certificate and authorize you to attach both to the original transcript.

SIGNATURE: _____ DATE: _____

Robert B. Nichols

Witness: Direct

Robert B. Nichols 4

EXHIBITS

Government For Ident.	Description	Page
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1	A document dated July 8, 2004	87
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2	A document entitled IMG, LLC	90
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3	A document entitled Paid Productions, LLC	92
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4	A two-page document entitled COBRA Employee Information Letter and COBRA Letter to Terminating Employee	94
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5	A two-page document entitled COBRA Employee Information Letter and COBRA Letter to Terminating Employee	96
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6	A document entitled Verified Petition	101
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7	A multi-page document	161
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8	A document entitled Facsimile Communication	232
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9	A letter dated November 21, 2008	242
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10	An e-mail	276
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11	An e-mail	280
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12	A document	284
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13	A document	290
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REQUESTS FOR PRODUCTION

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C E R T I F I C A T E

STATE OF NEW YORK)

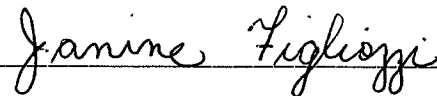
) ss.

COUNTY OF NEW YORK)

I, JANINE FIGLIOZZI, a
Shorthand (Stenotype) Reporter and
Notary Public of the State of New
York, do hereby certify that the
foregoing Deposition, of the witness,
ROBERT B. NICHOLS, taken at the time
and place aforesaid, is a true and
correct transcription of my shorthand
notes.

I further certify that I am
neither counsel for nor related to any
party to said action, nor in any wise
interested in the result or outcome
thereof.

IN WITNESS WHEREOF, I have
hereunto set my hand this 22nd day of
December, 2008.



JANINE FIGLIOZZI